

TERMS OF REFERENCE

REQUEST FOR PROPOSAL (RFP) FOR ENGAGEMENT OF CONSULTANT FOR UNDERTAKING A CRITICAL EVALUATION OF THE TRANSPORT SUBSIDY SCHEME

BACKGROUND

Government of India introduced the Transport Subsidy Scheme on 23.7.1971 with a view to facilitate the process of industrialization in the remote, hilly and inaccessible areas by providing subsidy for the transportation costs incurred by the industrial units so as to offset the disadvantages pertaining to their geographical location.

2. A 'Brief' on the Scheme is at **Annexure-I**.

OBJECTIVE

The basic objective of the critical evaluation is to:

- (i) Examine the impact of the Transport Subsidy Scheme on the process of industrialization in beneficiary States/UTs/Areas, in particular the North Eastern Region.
- (ii) Examine the implementation mechanism of the Transport Subsidy Scheme with a view to identifying the leakages and malpractices, if any.
- (iii) Examine the extension of the Transport Subsidy Scheme to other sectors (the scheme is applicable to only manufacturing sector at present. (There has been a growing demand from NE States for extension of the Scheme to other sectors like Tea Plantations, which are at present not covered under the Scheme).
- (iv) Suggest safeguards/ measures/arrangements for effective implementation and monitoring of the Scheme so that the Scheme is not misused.

COVERAGE

The critical evaluation study will cover all the fourteen (14) States/UTs covered under the Transport Subsidy Scheme.

METHODOLOGY

A two-pronged strategy would be adopted to undertake the critical evaluation. In the first phase, exhaustive desk research will be undertaken. This will involve study of relevant background material on the rationale for introduction of the Scheme, procedure for scrutiny of claims and for disbursement of subsidy under the scheme, possible loopholes, leakages and malpractices etc. if any. The desk research/study, apart from scrutiny or procedure etc., should have major focus on sampling to firm up the size of sample to be studied in the second phase through actual field visits. The sample should be a representative one.

In the second phase, field study in the beneficiary States/UTs will be carried out. The fields study will involve physical verification of the industrial units which are claiming subsidy/units which have already claimed subsidy for the eligible period of five years, examination of the claims of the industrial units, discussions with the various stakeholders, including officers of the Central and State Governments, functionaries of the nodal agencies, industry associations and industrialists.

Finally, data analysis and report writing will be done.

PRE-REQUISITE

The Department of Industrial Policy and Promotion, State Government and the nodal agencies concerned will provide access to all files relating to processing of claims, release and disbursal of subsidy under the Scheme.

TIME LINES

The evaluation study will have to be completed within twelve (12) weeks from the date of awarding the work.

The draft report will have to be submitted within ten (10) weeks from the date of awarding the work to the agency.

TERMS OF PAYMENT OF FEES

No advance payment of fee shall be made. However, 40% of the fee shall be paid after the acceptance of draft report by the Department and the balance 60% after acceptance of the final report.

SUBMISSION OF PROPOSALS

The 'technical proposal' and 'financial proposal' should be submitted by the interested parties in separate sealed covers on or before 12.12.2008 by 4 PM at the following address: -

Shri Puran Chand, Deputy Secretary
Department of Industrial Policy and Promotion,
Ministry of Commerce and Industry,
Room No.256-A, Udyog Bhavan,
New Delhi
Tel No. 23062651 FAX: 23062626

Each proposal should be accompanied by a Bank Draft for Rs.20,000// (Rupees Twenty Thousand only), as earnest money, payable at New Delhi issued in favour of DDO, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, New Delhi.

TECHNICAL PROPOSAL

The “Technical Proposal” should contain the following information:

- (i) Brief profile of the Organization/Consultant
- (ii) Relevant experience of conducting similar evaluation.
- (iii) Brief CVs of the professionals to be involved for carrying out the evaluation.

FINANCIAL PROPOSAL

Financial proposal should contain lump sum professional fees inclusive of all expenses and taxes. Financial bids of only those Consultants shall be opened whose technical proposals fulfill the requirements stipulated in the TOR and are assessed to be capable of taking up such critical evaluation study.

DELIVERABLES

Draft evaluation and final evaluation reports along with suggestions for prevention of misuse and leakages under the Scheme and also for effective monitoring of the Scheme and further streamlining the procedure of disbursement of subsidy.

BRIEF

The Transport Subsidy Scheme is applicable to:

- (i) 8 States of North East (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura)
- (ii) Himachal Pradesh
- (iii) Hilly districts of Uttarakhand (Dehradun, Nanital, Almora, Pauri Garhwal, Tehri Garhwal, Pithoragarh, Uttarkashi and Chamoli)
- (iv) Jammu and Kashmir
- (v) Darjeeling District of West Bengal
- (vi) Andaman & Nicobar Administration
- (vii) Lakshadweep Administration

Under the Scheme, subsidy ranging between 50% and 90% of the transport cost for transportation of raw material and finished goods to and from the location of the unit and the designated rail-head. (For North East States, J&K and UTs, the subsidy is 90%. For Himachal Pradesh, Uttarkhand and Darjeeling District of West Bengal, the subsidy is 75%). However, for movement of goods from one State to another in the NER, the subsidy is 50%. The subsidy is eligible to a unit for a maximum period of five years from the date of commencement of commercial production. The period includes the period of 'substantial expansion.'

The Scheme is applicable to all industrial units (**barring** plantations, refineries and power generating units both in public and private sectors irrespective of their size).

The disbursement of subsidy to the eligible industrial units in the States is made through the nodal agencies appointed for the purpose. These are:

- (i) North East Development Financial Corporation (NEDFi), Guwahati for North Eastern Region.
- (ii) Jammu and Kashmir Development Finance Corporation (JKDFC) for J&K
- (iii) Himachal Pradesh State Industrial Development Corporation (HPSIDC) for Himachal Pradesh
- (iv) State Infrastructure and Industrial Development Corporation of Uttaranchal Ltd (SIDCUL) for Uttarakhand

The disbursement of subsidy to the industrial units in the Union Territories is made through the Union Territories Administration.

The scheme has been extended from time to time the last being on 29.3.2007 when the Scheme was extended upto 31.3.2008 by the Cabinet Committee on Economic Affairs with directions that an early evaluation of the Scheme be conducted with a view to introducing necessary safeguards to prevent possible leakages and misuse.

TENDER NOTICE

**No.11 (1)/2008-DBA-II/NER
GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION**

The Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India invites proposals from reputed Consultants to undertake a critical evaluation of the Transport Subsidy Scheme (TSS). Interested firm(s)/person(s) having experience of conducting such evaluation studies may visit our Website www.dipp.nic.in for detailed Terms of Reference (TOR) or collect in person from Shri Pradeep Purohit, Section Officer (NER), DIPP, Udyog Bhavan (Room No.457), New Delhi.

“Technical Proposal” as well as “Financial Proposal,” in separate sealed covers should be submitted in a single sealed cover on or before 12.12.2008 by 4.00 PM to Shri Puran Chand, Deputy Secretary, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry Udyog Bhavan, (Room No. 256-A), New Delhi- 110107. Tel No. 011-23062651; FAX No. 011-23062626. Bids received after the stipulated date and time will not be entertained under any circumstances.
